

Message Text

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14

ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 IGA-02 AID-05 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 L-03 H-02 DODE-00 PA-02 PRS-01

FSE-00 ABF-01 /114 W

----- 105281

R 120745Z MAR 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 4606

INFO AMEMBASSY LONDON

AMCONSUL MADRAS

AMCONSUL CALCUTTA

AMCONSUL BOMBAY

UNCLAS NEW DELHI 3740

PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: EFIN IN

SUBJECT: INDIAN RUPEE REVALUED FOR SECOND TIME THIS WEEK

REF: NEW DELHI 3548

1. ON THURSDAY, MARCH 11, THE RUPEE WAS REVALUED BY A FURTHER 2.89 PERCENT. THIS MOVE WAS NOT UNEXPECTED AS THE POUND CONTINUED TO FALL AGAINST THE DOLLAR.

2. THE NEW SPOT RATES FOR THE RUPEE ARE AS FOLLOWS:

BUYING RATE - RS. 100 EQ 5.8140 POUNDS

ONE POUND EQ. RS. 17.20

SELLING RATE - RS. 100 EQ. 5.7803 POUNDS

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ONE POUND EQ. RS. 17.30

3. THIS YIELDS A NEW MIDDLE RATE OF RS. 100 EQ 5.7971 POUNDS (ONE POUND EQ RS. 17.25), A REVALUATION OF 2.89 PERCENT WHEN COMPARED TO THE PREVIOUS RATE OF RS. 100 EQ 5.63385 POUNDS (ONE POUND EQ RS. 17.75). SINCE SEPTEMBER 25, 1975, THE RUPEE HAS NOW BEEN REVALUED BY 7.83 PERCENT.

4. THE EXCHANGE RATE SET BY THE EMBASSY ON FRIDAY, MARCH 12, WAS DOL1.00 EQ RS. 8.93, DOWN FROM A HIGH OF DOL1.00 EQ RS. 9.06 ON WEDNESDAY, MARCH 10.

5. COMMENT: WHETHER THE RUPEE-POUND RATE CAN BE MAINTAINED AT THIS NEW LEVEL IS A MOOT POINT. HOWEVER, THERE IS NO DOUBT THAT THE INDIAN GOVERNMENT IS PREPARED TO CHANGE THE EXCHANGE RATE FREQUENTLY AS CONDITIONS DICTATE. EVEN THOUGH THE RUPEE IS NOW LINKED TO A BASKET OF CURRENCIES, IT IS QUITE EVIDENT THAT THE POUND IS STILL THE LARGEST FACTOR IN DETERMINING THE RUPEE'S VALUE VIS-A-VIS OTHER CURRENCIES.SCHNEIDER

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Message Attributes

Automatic Decaptioning: X
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Copy: SINGLE
Draft Date: 12 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
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Margaret P. Grafeld
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EO Systematic Review
04 MAY 2006

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